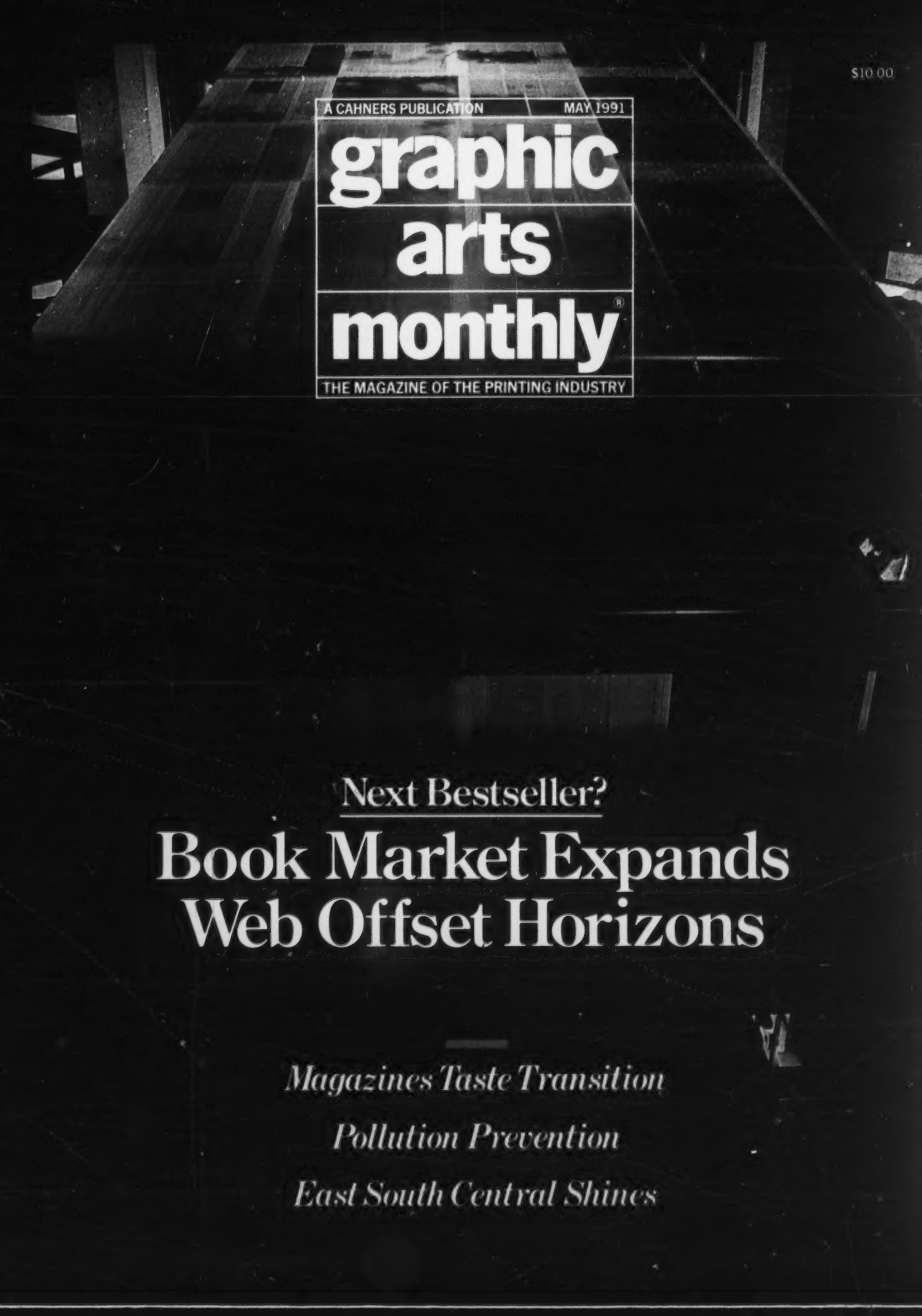

A CAHNERS PUBLICATION MAY 1991

graphic arts monthly®

THE MAGAZINE OF THE PRINTING INDUSTRY

$10.00

Next Bestseller?

Book Market Expands Web Offset Horizons

Magazines Taste Transition

Pollution Prevention

East South Central Shines

VOLUME 63, NUMBER 5

A CAHNERS PUBLICATION MAY 1991

TOTAL CIRCULATION: 99,585

graphic arts monthly

THE MAGAZINE OF THE PRINTING INDUSTRY

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Economic Rebound Indicated for Mid-1991

The third and final revision to the GNP figure for fourth-quarter 1990 shows the economy declined to 0.4% from the previous quarter, to end the year 1% above 1989. The weakest sector during the fourth quarter was consumer spending: durables, nondurables, and housing. Nonresidential fixed investment, net exports, and government spending all added to economic growth during that period.

Early-1991 GNP will likely show different trends, as there have been some encouraging signs of a turnaround from housing and consumer confidence data. As a result, consumer spending should bottom out, and may show modest improvement.

A pessimistic business outlook will continue to show up in spending reductions for business fixed investment. A rising dollar and weaker foreign economies will slow export growth, while lower-priced imports will stem the import losses of the fourth quarter. Finally, with the Middle East conflict over, lower defense expenditures will curtail the growth in government spending.

Inventory adjustments remain the biggest question mark for the economy. Even with a downturn during the fourth quarter, business inventories dropped substantially. While there is no evidence of planned inventory increases, a weaker-than-expected industrial section may have produced some involuntary increases.

Cahners Economics forecasts an economic rebound beginning in the second half of this year. GNP should post growth of 0.6% by the end of 1991, with business investment in equipment and exports leading the growth. Declining income levels and rising unemployment rates will keep the consumer sector from recovering until well into 1992.

Industrial production data shows growth in the printing and publishing industry, outpacing most other sectors, posting a 3.1% rise in 1990. In comparison, output for the whole industrial sector increased a slight 1%. In 1990, newspaper production fell for the second year in a row. Production of periodicals and books gained 5.7%, and job printing increased 3.8% last year. A look ahead into 1991 has these trends continuing, albeit at a slowing pace. After bottoming out in the middle of 1991, printing and publishing production is expected to rise 3.1% in 1991, and 4.4% in 1992.

GENERAL ACTIVITY INDICATORS

				Annual Percent Change			
General Economic Indicators	**Q4/89**	**Q3/90**	**Q4/90**	**1989**	**1990**	**1991**	**1992**
Gross National Product (1)	4133.2	4170.0	4153.4	2.5	1.0	0.6	3.2
Consumer Spending (1)	2669.9	2696.8	2673.6	1.9	0.9	0.3	3.0
Business Investment (1)	508.4	519.3	519.4	3.9	1.8	0.8	3.6
Industrial Production (2)	108.1	110.5	108.5	2.6	1.0	-1.0	4.6
Prime Rate (3)	10.5	10.0	10.0	10.9*	10.0*	8.7*	9.5*
Consumer Price Index (4)	125.9	131.6	133.7	4.8	5.4	4.5	4.2
	Jan 90	**Dec 90**	**Jan 90**	**1989**	**1990**	**1991**	**1992**
Industrial Production (2)							
printing & publishing	110.7	113.3	112.9	4.8	3.1	3.1	4.4
newspapers	103.4	97.5	97.7	-0.6	-0.8	0.5	2.1
periodicals, books, cards	120.8	127.8	125.9	10.4	5.7	4.8	5.2
job printing	110.6	114.0	114.3	4.3	3.8	4.5	5.2

(1) seasonally adjusted annual rate, billions of 1982 dollars. (2) index, 1987 = 100. (3) average percent. (4) index, 1982 = 100
na = data not available for publication. * = annual average data source: U.S. Department of Commerce, Federal Reserve Board
All forecasts, Cahners Economics

Magazines Taste Transition

Magazine printers' challenge: to produce high-quality product at bargain-basement rates.

The word magazine comes from the Arabic *makhzan* (by way of French and Italian), meaning storehouse. And that's perfect, in a way, since magazines are indeed a warehouse of ideas, a collection of words and images that somehow (in the most successful ones) come together to create a personality.

The medium "magazine" is changing, thanks to a shrinking advertising pool and competition from other media, like direct mail. Magazine printers face the stiffest challenge: how to continue producing high-quality product at bargain-basement rates (which, of course, is what all publishers want).

But don't count magazines out just yet. According to the Magazine Publishers of America (MPA) 1990-91 *Magazine Handbook*, as of 1989, there were 11,556 magazines being published in the U.S., generating a $15 billion publishing industry. Five hundred magazines were being launched *every year*.

It all began, reports the MPA, in January of 1741, when two Philadelphia colonists, Benjamin Franklin and Andrew Bradford, got their respective magazines (*General Magazine* and *American Magazine*) published within three days of each other. Bradford was first, but within six months both were out of business. To anyone working in the industry today, it's a familiar tale.

By Michael Karol
Managing Editor

In the 10-year period ending with 1989, MPA notes that magazine ad revenues more than doubled, from $2.7 billion to $6.6 billion. Recently, however, with a recession in full swing (and ads traditionally one of the first casualties), what's been making news is an astounding number of mergers, consolidations, and failures. In the past year alone, such heavily-promoted and touted consumer titles as *Egg*, *Fame*, *Wig Wag*, *Men's Life*, *Memories*, *7 Days*, and *New England Monthly* have all disappeared.

Most of these failures are blamed on the advertising climate (tough and getting tougher); the recent postal increase (a 22% Second Class postal hike striking dread in the hearts of all publishers, while a 25% increase in direct-mail costs making new subscription generation evermore prohibitive); changing demographics in America (aging Baby Boomers, and Black and Spanish minorities constituting the greatest growth potential in the next decade); and increasing competition from outdoor advertising, radio and TV.

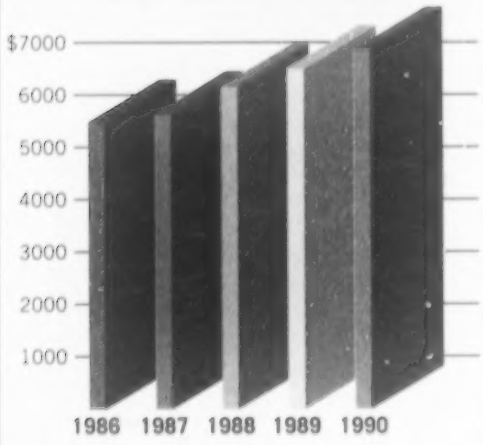
Still, in a recent survey of 750 advertising and marketing executives by Myers Marketing and Research, Parsippany, N.J., respondents indicated they believed "core" magazines (in industry parlance: the top publications in various categories) will thrive. MPA research shows steady growth in magazine circulation (32% in the period 1980-89, faster than the U.S. adult—18-plus—population, which grew at a mere 17%). New technologies are developing faster than we can print 'em.

Printers are doing their best to satisfy their publishing clients while making a profit. Though everyone agrees 1991 will not be an easy year, no one's throwing in the towel, either.

Magazine Week asked execu-

Magazines

1990 Print Sales: $6,848 (millions)



Major Printers—Magazines

Rank	Company	Sales in millions.
1	R.R. Donnelley & Sons Co.	685.0
2	World Color Press Inc.	535.0
3	Quebecor	405.0
4	Quad/Graphics Inc.	250.0
5	Ringier America Inc.	225.0
6	Brown Printing Company	200.0
7	Arcata Graphics Co.	187.0
8	Sullivan Graphics Inc.	185.0
9	American Signature	155.0
10	Mack Printing Co.	91.0

*Note: All sales are for 1990, courtesy PrintMarkets Source: PrintMarkets

Chart by Annabelle Carter

• More money from circulation revenues. Joe Hanson, former chairman and CEO of Hanson Publishing (*Folio:* magazine, among others) believes that, "Circulation revenues will continue to grow in importance, and will substantially overshadow ad revenue growth in the years to come." Leading up to this, he says, is the current "opportunity for publishers to customize magazines to match the individual interests of their readers."

The MPA agrees, adding that by 1988, consumer magazine circulation revenues (52%) had outstripped ad revenues (48%), a "significant shift toward more reliance on readers as a source of revenue."

• Alternative delivery services are on the minds of many in magazine publishing. In attempting to do without the U.S. Postal Service, publishers and printers (who often absorb mailing costs) are investigating other ways of distributing magazines to their readers.

• Look for more magazines to fold, as ad revenues from certain product categories disappear. Printing industry consultant (and GAM marketing columnist) Dick Gorelick notes that, "Every year, Congress comes closer to legislating prohibition of print and broadcast advertising of tobacco and alcohol products.

"However it's accomplished, de facto prohibition of advertising of 'sin' products appears inevitable. The U.S. Leadership Council on Advertising predicts the result will be the demise of almost 250 publications."

• Expect continued color use in magazines. A recent survey in *Magazine Design & Production* revealed more than 46% of consumer titles and 32% of trade titles currently put out at least 40% four-color editorial. And the same survey showed four times as many publishers plan to increase use of color as decrease use of color.

• Part of the current "transitional" period in magazine publishing is a growing blur between media, as electronic and digital technology become more commonplace, more sophisticated and more accessible. The key word is *interactive*. Compact discs which can store still photo and video information are now available, making the advent of the "video magazine" a reality.

A brave new world, then, might mean a "magazine" you can pop into a CD player, fast-forwarding through the images and text that don't interest you.

The MPA puts forth the notion of "an ad that addresses you by name—not just by inkjet printing, by *voice*". An intriguing notion, but one that might not be necessary, as magazines become more selective about whose hands they reach.

World Color Press' May comments, "There's lots of discussion of *target marketing*, and sending selective editorial (and advertising) to subscribers. Magazines will be much more demographically-ori-ented, with many splits in the run. The copy *you* get at home will be different from the copy *I* get, because we have different interests. In fact, some magazines are already like that."

This may be coming none too soon; if publications don't deliver the goods (that is, targeted, buying readers) advertisers will continue to switch dollars to broadcast, direct marketing, and other ways of reaching the consumer they find more effective.

Quebecor's Kula agrees that, for the moment, "It remains a buyer's market in purchasing printing for magazine production. This applies a great deal of pressure on the printer's profitability. The situation won't change until the advertising climate improves, and available capacity diminishes. Like the magazine fallout we've seen, some printers will have difficulty weathering these times."

Still, 88% of the adult U.S. population (that's 156.3 million people, folks) reads one or more magazines during an average month. Why? They're tangible; we can flip through them, fold them anywhere to save our place, tear things out that intrigue us. They're personal; we see our society, ourselves (our tastes and points of view) and others reflected in them.

These are substantial dividends no computerized, electronic, or digital version can duplicate, or diminish.

graphic arts monthly

The Little Region That Could

This is the territory they call the Heart of Dixie: Alabama, Kentucky, Mississippi, and Tennessee. In terms both of population and printing activity, it's the smallest region we've discussed so far in this year's series. The most recent GAM Plant Equipment Market Profile, for example, shows just under 2,000 plants of all types and sizes for the four states in the East South Central region, versus more than 8,000 for the Upper Midwest powerhouse directly to the north.

Size isn't everything, however. By every yardstick employed in these articles, the graphic arts industry in the East South Central region is one of the healthiest in the United States.

Before we get into the numbers, let's take a closer look at the region. It divides into two distinct tiers, Tennessee and Kentucky in the northern part, and Alabama and Mississippi in the southern. The northern two states have traditionally been more populous, more industrial, and more prosperous than their southern neighbors, and they still are today.

So it is heartening to be able to report that not only did printing activity (as measured by value of shipments) grow substantially throughout the region from 1989 to 1990, but the largest increases came in Alabama and Mississippi. By far, the largest increase was in Mississippi.

In fact, Mississippi's growth rate for the period, 8.5%, was more than a point higher than California's, which, even given the relative sizes of the economies involved, is startling. The whole region was up 7%, which may indicate that the economic revival called the New South is finally spreading westward from Georgia and the Carolinas.

Our ongoing survey of small to medium-sized commercial printers seems to bear this out. Almost 68% of those surveyed indicated a 1989-1990 increase, among the highest scores we have yet seen. More than half those reporting an increase were up over 10%, and a sizeable number (10.3%) had increases larger than 20%.

Turning to profitability, we find solid gains for 1990 over the previous year—fewer reporting a loss and more reporting profitability levels better than 5%. Capacity utilization is healthy compared to other regions. Not surprisingly, given all this, area printers are fairly optimistic. 1991 should be an excellent year for the East South Central.

Inside this detachable gatefold form we present a general industry profile for the four-state region, offering a close look at commercial printing, demographic data, and listings of leading printers in major markets, by sales. Data sources are given for each specific chart/table.

Reprints of this installation of Print Market Trends may be ordered from Carol Bien, Cahners Publishing, Reprint Department, 1350 E. Touhy Ave., Des Plaines, IL 60018.

By Peter Johnston
Special Projects Manager

Regional Overview

Commercial printing generates a total of over $4 billion in revenues annually in the four states of the East South Central region, making it a substantial contributor to the regional economy. Other important factors in this part of the country are chemicals, processed food, machinery, mining, and a large and highly varied agricultural sector. Business is growing, but it remains very competitive for most printers, in terms of profit margin and the time it takes to produce jobs. Dollar figures given throughout this report are unadjusted for inflation.

COMMERCIAL PRINTING

Value of Shipments

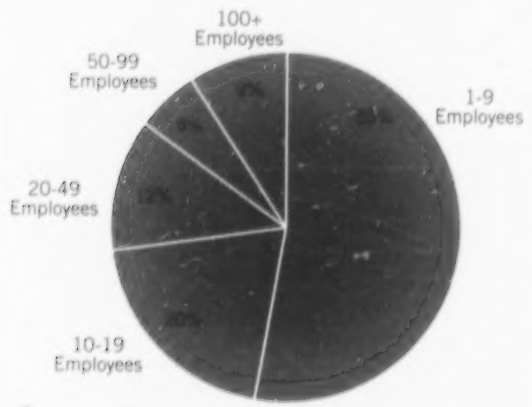
State	Sales, 1990 ($ million)	% of Region	Sales, 1989 ($ million)	% change (1989-1990)
Tennessee	$1,934	45.1%	$1,811	6.8%
Kentucky	1,180	27.5%	1,104	6.9%
Alabama	764	17.8%	713	7.2%
Mississippi	410	9.6%	378	8.5%
TOTAL	**$4,288**	**100%**	**$4,006**	**(avg.) 7.0%**

Source: PIA Economics Department

Printing Sites

State	Sites
Tennessee	651
Alabama	344
Kentucky	329
Mississippi	164
TOTAL	**1,488**

All Graphic Arts Plants, by Employee Count



Source: GAM 1990 Plant Equipment Market Profile

Charts and graphs by Lisa Hilgers

All Graphic Arts Plants, by Function

Function	# of Plants
Commercial	1,086
Newspaper (w/Commercial)	85
Newspaper (w/o Commercial)	97
Book & Pub	100
Business Forms	29
Converters	66
Noncommercial	287
Trade	107
Quick Printers	112

Source: GAM 1990 Plant Equipment Market Profile

DEMOGRAPHICS

Population

State	Population	Rank
Tennessee	4,803,000	16
Alabama	4,052,000	22
Kentucky	3,729,000	23
Mississippi	2,625,000	31
TOTAL	**15,209,000**	

Population Changes

State	Change (1980-86)	Net Migration
Tennessee	4.6%	56,000
Alabama	4.1%	8,000
Mississippi	4.1%	-27,000
Kentucky	1.9%	-56,000

Educational Attainment

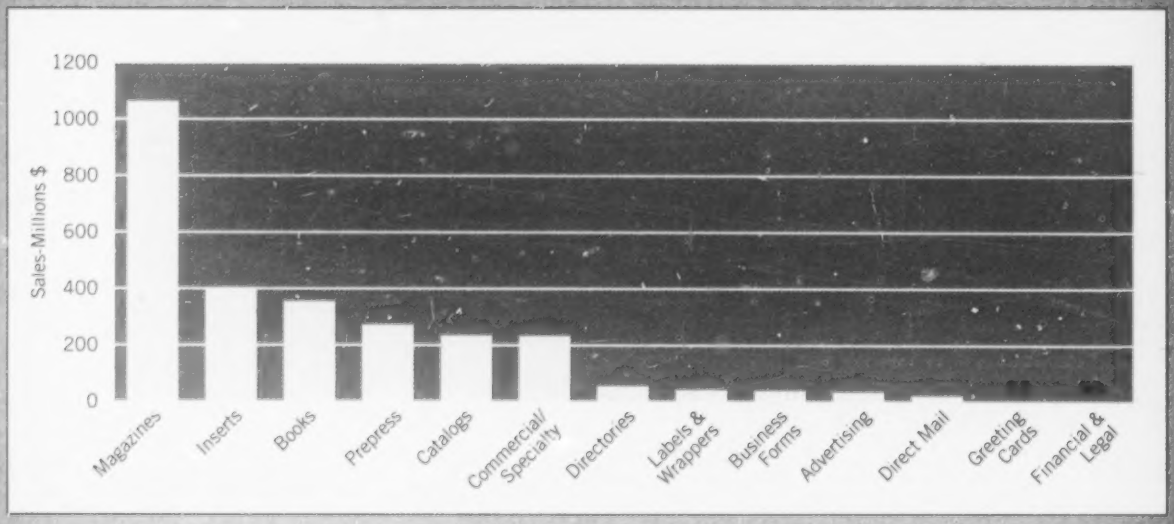
State	High School Graduates	College Graduates
U.S. Average	66.5%	16.2%
Alabama	56.5%	12.2%
Tennessee	56.2%	12.6%
Mississippi	54.8%	12.3%
Kentucky	53.1%	11.1%

Source: U.S. Department of Commerce, Bureau of the Census

Market Profile

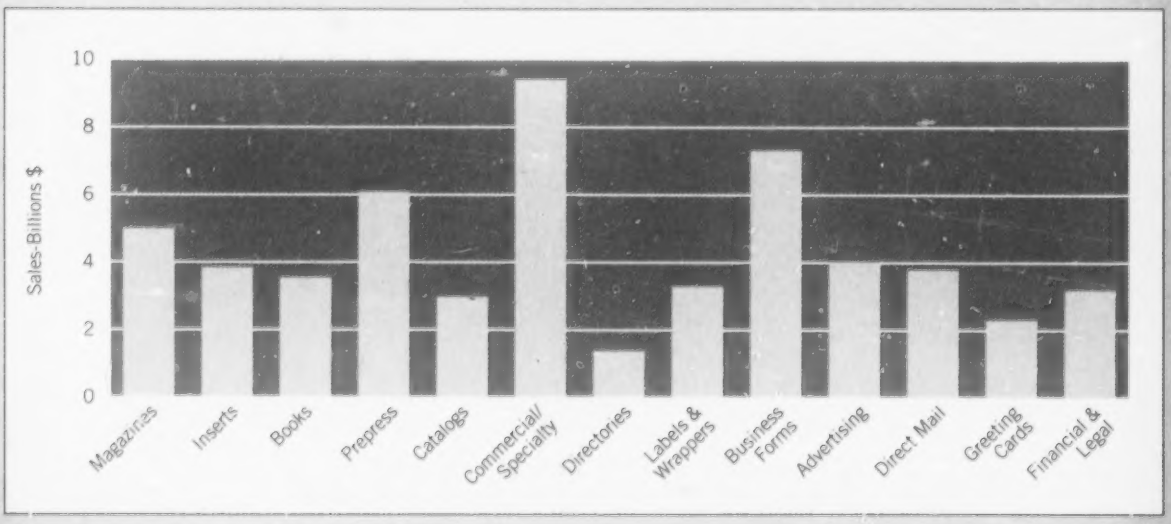
Ranking of Product Segments . . .

The presence of magazines, inserts, books, and prepress at the top of the market segments represented by major printers in the area can be partially accounted for by what is called (affectionately, nowadays) the carpetbagger effect. A number of very large, multiplant printers have located manufacturing capacity in this region to take advantage of the prevailing mild climate, low tax rates, inexpensive industrial real estate, and comparatively low labor costs.



. . . Compared to National Totals

These bar charts are presented in similar order to simplify comparison between segment concentration in the East South Central region and the U.S. as a whole. Note that financial & legal printing, which is concentrated in a small number of U.S. cities, does not appear as a category for this region. Business forms, advertising, and commercial/specialty printing play a proportionately much smaller role in the East South Central than they do nationally.



Leading Printers in Major Markets

COMPANY	SALES
MAGAZINE PRINTERS	**TOTAL 1065.3**
Sullivan Graphics, Inc., Brentwood, TN	180.0
Arcata Graphics Company, Nashville, TN	100.0
Maxwell Communications, Dickson, TN	90.0
R.R. Donnelley & Sons Company, Glasgow, KY	75.0
R.R. Donnelley & Sons Company, Gallatin, TN	65.0
R.R. Donnelley & Sons Company, Danville, KY	65.0
GBP Industries, Sylacauga, AL	50.0
Ringier America, Inc., Corinth, MS	45.0
World Color Press, Inc., Dyersburg, TN	45.0
American Signature Graphics, Olive Branch, MS	40.0
INSERT PRINTERS	**TOTAL 400.0**
Sullivan Graphics, Inc., Brentwood, TN	205.0
Shea Communications, Louisville, KY	60.0
R.R. Donnelley & Sons Company, Gallatin, TN	55.0
Standard Gravure Corporation, Louisville, KY	35.0
Maxwell Communications, Memphis, TN	30.0
GBP Industries, Sylacauga, AL	15.0
BOOK PRINTERS	**TOTAL 355.0**
Arcata Graphics Company, Kingsport, TN	179.0
Rand McNally & Company, Versailles, KY	60.0
Ringier America, Inc., Dresden, TN	57.5
Sullivan Graphics, Inc., Brentwood, TN	40.0
The Parthenon Press, Nashville, TN	15.0
Rich Printing Company, Inc., Nashville, TN	3.5
PREPRESS	**TOTAL 272.3**
Sullivan Graphics, Inc., Brentwood, TN	134.0
Nicholstone Book Bindery Inc., Nashville, TN	65.0
Magna Graphic Inc., Lexington, KY	17.6
Southern Gravure Service, Inc., Louisville, KY	15.0
Nashville Electragraphics Inc., Nashville, TN	14.7
Arcata Graphics Company, Nashville, TN	10.0
Arcata Graphics Company, Kingsport, TN	6.0
Hanson Graphics of Memphis, Memphis, TN	5.5
American Signature Graphics, Olive Branch, MS	3.0
Donihe Graphics, Inc., Kingsport, TN	1.5
CATALOG PRINTERS	**TOTAL 234.5**
Ringier America, Inc., Corinth, MS	47.0
R.R. Donnelley & Sons Company, Gallatin, TN	35.0
Brown Printing Company, Franklin, KY	35.0
American Signature Graphics, Olive Branch, MS	27.0
Shea Communications, Louisville, KY	17.0
R.R. Donnelley & Sons Company, Glasgow, KY	15.0
Arcata Graphics Company, Nashville, TN	12.0
Stevens Graphics, Inc., Birmingham, AL	10.0
Boardman Printing Company, Jackson, TN	8.5
Gateway Press, Inc., Louisville, KY	8.5
COMMERCIAL/SPECIALTY PRINTERS	**TOTAL 233.5**
Rand McNally & Company, Nashville, TN	75.0
CPS Corporation, Franklin, TN	40.0
Jostens Printing & Publishing, Clarksville, TN	25.0
Screen Art, Knoxville, TN	18.0
McQuiddy Printing, Nashville, TN	16.0
Rand McNally & Company, Versailles, KY	10.0
Ebsco Industries Inc., Birmingham, AL	9.5
Decor Gravure, Inc., Fairfield, AL	9.5
Mercury Printing Company, Inc., Memphis, TN	8.0
Lithograph Printing Co., Memphis, TN	5.5
DIRECTORY PRINTERS	**TOTAL 55.5**
Stevens Graphics, Inc., Birmingham, AL	30.5
Publishers Printing Company, Shepardsville, KY	25.0
LABEL PRINTERS	**TOTAL 43.0**
International Label Company, Clarksville, TN	17.5
Screen Graphics, Inc., Memphis, TN	14.0
MPI Label Systems, Nashville, TN	8.0
Courier Graphics, Louisville, KY	3.5
BUSINESS FORMS PRINTERS	**TOTAL 40.5**
Poser Business Forms, Inc., Fairhope, AL	37.0
Stry-Lenkoff Company, Louisville, KY	3.5
ADVERTISING PRINTERS	**TOTAL 35.3**
Ohio Valley Litho-Color, Florence, KY	14.0
Lithograph Printing Co., Memphis, TN	11.0
Ebsco Industries, Inc., Birmingham, AL	7.5

Selective listing, which indicates only the concentration of larger plants in larger segments, is from *Printmarkets*, Trade & Technology Press, Stamford, Conn., based on data provided by firms involved. Sales in millions.

How Printers Are Doing

Based on a survey of firms in the region, conducted by Cahners Publishing

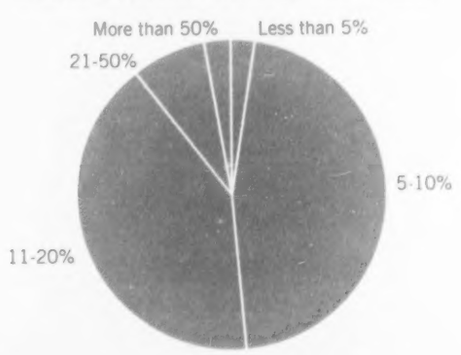
Profile of Respondents

Commercial printers in the East South Central region responding to a recent mail survey reported year-over-year changes in their annual sales, profitability, and operating capacity. They also revealed how they perceived the outlook for business in their area. The following information is as reported by survey respondents; 1990 gross sales were estimated.

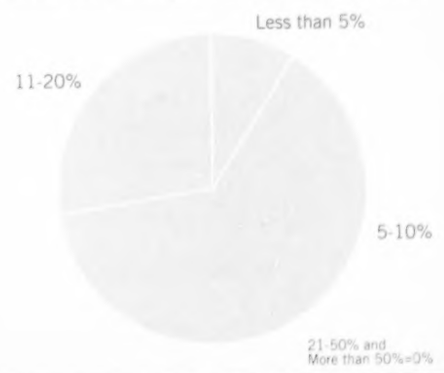
Gross Sales in 1990		# of Employees	
Less than $500,000	12.9%	1-4	4.8%
$500,000-749,999	27.4%	5-9	11.1%
$750,000-999,999	9.7%	10-19	23.8%
$1 million-2,499,999	19.4%	20-49	31.8%
$2,500,000-4,999,999	12.9%	50-99	20.6%
$5,000,000-9,999,999	16.1%	100+	7.9%
$10 million or more	1.6%		

How Sales Changed, 1989 to 1990

If Sales Increased, How Large Was Increase?

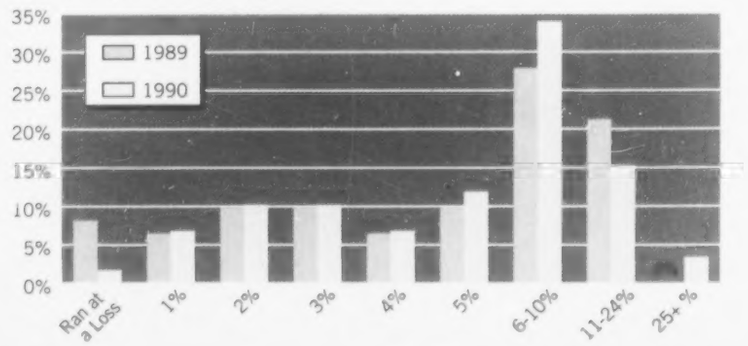


If Sales Decreased, How Large Was Decrease?

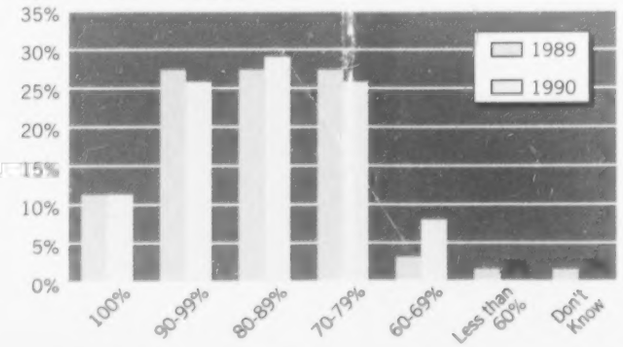


PROFITABILITY & CAPACITY

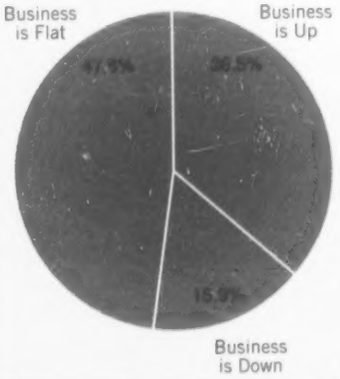
Profit as a percentage of gross sales



Operating percentage of plant capacity



Perception Index



Comments by Printers

- The first half of the year was slow; the second half has been remarkably better.
- In Kentucky and Tennessee, service and color are growth areas.
- Production capacity outweighs the market; we go outside our area for work.
- Our business is growing. Overall the region looks very stable.
- We are pleased with the growth in our small area.
- Our growth is created by public relations, plus quality, service and competitive pricing.

A Pulp Market Portrait

The following is excerpted from a speech given by Ronald J. Slinn, vice president of the Pulp, Materials & Technology Group of the American Paper Institute at its recent 1991 Open Annual Meeting.

The pulp producer has been feeling quite lonely lately, particularly since mid-1989, when global demand for the *chemical* substance he traditionally peddles—paper grade market wood pulp—dried up considerably.

> *Much of what worries the producer (i.e., decline in demand for chemical grades of market pulp) is due to the actions of the consumer.*

That annual demand peaked in 1988 at 26.7 million tons, but then fell by 430,000 tons in 1989, and a further one million tons last year, a two-year drop of 5%. This decline may have bottomed out in the first two months of 1991. Another of the producer's problems is the recent appearance on the market pulp street of significantly-increased supplies of a competing substance, manufactured by a relatively new *mechanical* process, claimed to be more environmentally friendly by using hydrogen peroxide rather than elemental chlorine to bleach it.

Plans for further expansions of both chemical and mechanical market pulp capacity beyond 1992, into the mid-1990s, could really test the producer's patience. Looking back over the last decade, we can see that, for chemical grades, with the exceptions of 1982 and last year, producers kept only just in front of global demand most of the time; the ratio of demand to supply ranged between 90% and 98%.

However, the highly-profitable climate generated by favorable market conditions toward the end of the 1980s has stimulated a surge of interest in the pulp business from both traditional and entirely new vendors. After analyzing the evidence, we forecast growth in chemical market pulp capacity averaging 3.9% per year during the first half of the 1990s, contrasting with a 2.7% annual rate over the 1980s.

The outlook for mechanical grades in the next half-decade is even more dramatic. Though the ratio between global demand and supply of mechanical market pulps has historically been somewhat less favorable for producers than that of chemical grades (with the ratio of demand to PMC above 90% in only two of the years since 1980), the projected annual rate of growth in practical maximum capacity will accelerate from 3.8% during the 1980s to average 6.1% per year from 1990-1995.

To add further to producers' concerns, the street is signalling a rapidly growing demand for yet another form of market pulp: that made from paper recovered from the solid waste stream and which, when blended with uncut virgin fiber, yields a product bearing the highly desired label *recycled* (see chart).

Much of what worries the producer (i.e., decline in global demand for chemical grades of market pulp) is due to the actions of the consumer. Some of the lost demand was due to a rundown in consumers' inventories (perhaps accounting for 200,000 tons); but more of the decline was due to the sharp drop in demand from the People's Republic of China (PRC), with the withdrawal of foreign finance following the Tianenmen Square episode in June 1989 (520,000 tons in 1987; in 1990, a little more than half the level of shipments three years earlier).

Almost simultaneously, the world's third largest pulp market, Japan, began to crank up previously inactive domestic integrated and market pulp capacity to offset significantly reduced purchases of imported pulp. During the mid-1980s people said the then relatively strong yen made it more attractive for Japan to buy pulp than make it at home. That state of affairs was subsequently reversed. Recent restrengthening of the yen and an improved credit climate in the PRC could lead to improved condition for producers.

On the home front (where the level of U.S. consumers' purchased pulp inventories were at around 24 days of consumption as of November 1990, the lowest in eight years), consumers might be justifiably asking, "Are there any threats to the apparently more-than-adequate supplies likely to be available in this global market?"

- One could come from labor contracts expiring April 1991 in British Columbia, Canada, with 13% of the world's chemical and 17% of its mechanical market pulp capacities.
- The craving for market pulp made from recovered (waste) paper referred to earlier could cause a modest structural shift that would add unexpectedly to domestic market pulp supplies; it will inevitably displace an equivalent quantity of existing integrated virgin pulp capacity which, if drying facilities are avilable, will become a potential source of additional market pulp.
- The economy, government regulators, and the strength of the U.S. dollar overseas, all are factors affecting pulp supply and demand.

Though it's unrealistic to expect the global pulp market neighborhood to be entirely free of disturbances, it could well be rewarded [if it can begin to] control potentially negative trends.

U.S. Recovered (Waste) Paper Utilization Rates* By Major Grade

	1989	1995
Newsprint	24.6%	36.5%
Printing/writing	6.3	7.0
Packaging/converting	3.7	5.2
Tissue	49.0	49.4
Paperboard	35.6	43.0
Total	**25.4**	**33.1**

*Recovered paper consumption as a % of production.
Source: API & Franklin Associates